

Machinery and equipment used to clean floors generally does not qualify for the manufacturing machinery and equipment exemption because it is not used to manufacture or assemble tangible personal property for wholesale or retail sale or lease. See 86 Ill. Adm. Code 130.330(a). (This is a GIL.)

December 11, 2006

Dear Xxxxx:

This letter is in response to your letter dated August 28, 2006, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

Our company makes floor-cleaning equipment. This equipment includes motorized sweepers and scrubbers that can be ridden by the operator or manually moved throughout the area to be cleaned. These machines are displayed on our Internet website.

Currently in the state of Illinois we have customers who are manufacturers or are engaged in industrial processing. These customers are claiming tax exemption on the products that they purchase from us under the manufacturing purpose exemption. We are not aware that the machines are being utilized in any way other than their intended use suggests. In light of this, we disagree with the claim to exempt the customer from the sales/use tax. Would your office please issue a General Information Letter on whether equipment designed to clean floors fulfills the definition of manufacturing equipment under Illinois state law and is eligible for the manufacturing exemption?

DEPARTMENT'S RESPONSE

For information regarding the manufacturing machinery and equipment exemption from sales tax, we refer you to the Department's rule at 86 Ill. Adm. Code 130.330. The manufacturing

machinery and equipment exemption provides that “[n]otwithstanding the fact that the sales may be at retail, the Retailers' Occupation Tax does not apply to sales of machinery and equipment used primarily in the manufacturing or assembling of tangible personal property for wholesale or retail sale or lease.” (See 86 Ill. Adm. Code 130.330(a)). As you can see, equipment used to clean floors would not generally qualify for this exemption. This is because the equipment is not used primarily in the manufacturing or assembling of tangible personal property for wholesale or retail sale or lease.

If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Martha P. Mote
Associate Counsel

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